

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Chief Strategy Officer

BRIEF DESCRIPTION:

Adopting the SFMTA’s Joint Development Program Goals and Policy; authorizing the Director of Transportation to amend the properties in the Portfolio of properties included in the Joint Development Program Policy, provided that such amendments meet the site selection considerations set forth in the Policy and are made with written notice to the SFMTA Board of Directors; and urging the San Francisco Board of Supervisors to endorse the SFMTA’s Joint Development Program Goals and Policy.

SUMMARY:

- Joint Development involves a developer using SFMTA property for non-SFMTA uses. Uses include housing and commercial development. The SFMTA, the community and the developer benefit. The developer typically owns and finances the improvements for non-SFMTA uses.
- SFMTA land provides an opportunity to generate revenue from developer payments to the SFMTA and increased fare revenue from new transit riders. The SFMTA can use the revenue to improve our transportation system and invest in transit. Maintaining an affordable and reliable public transit system is vital to a thriving and equitable city. Additional funding is essential to ensure everyone can access jobs and get where they need to go, regardless of their income, background or neighborhood. Also, Joint Development could advance other City goals, including to provide new housing and foster inclusive, well-connected communities.
- The SFMTA has a history of pursuing Joint Development (e.g., 1 Hotel, Potrero Yard).
- At the October 15, 2024, SFMTA Board of Directors (Board) hearing, staff introduced a draft of the SFMTA’s Joint Development Program Goals (Goals) and Joint Development Program Policy (Policy). The Goals define the desired results of the Joint Development Program. The Policy states the Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its goals.
- Staff revised the draft Goals and Policy based on feedback from the Board and other stakeholders. In addition, on January 3, 2025, the California Department of Housing and Community Development provided the SFMTA a Letter of Technical Assistance stating that the Policy is compliant with the California Surplus Land Act.
- Staff is seeking Board adoption of the final Goals and Policy.
- Joint Development aligns with San Francisco Charter by generating new funding sources to address SFMTA’s financial challenges and reinvesting in the City’s transportation system.

ENCLOSURES:

1. Board Resolution
2. Final Joint Development Program Goals and Policy and its appendices

APPROVALS:

DATE

DIRECTOR  January 30, 2025

SECRETARY  January 30, 2025

ASSIGNED SFMTAB CALENDAR DATE: February 4, 2025

PURPOSE

Adopting the SFMTA's Joint Development Program Goals and Policy; authorizing the Director of Transportation to amend the properties in the Portfolio of properties included in the Joint Development Program Policy, provided that such amendments meet the site selection considerations set forth in the Policy and are made with written notice to the SFMTA Board of Directors; and urging the San Francisco Board of Supervisors to endorse the SFMTA's Joint Development Program Goals and Policy.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item aligns with the following SFMTA Strategic Plan Goals:

- Goal 1: Identify and reduce disproportionate outcomes and resolve past harm towards marginalized communities.
- Goal 4: Make streets safer for everyone.
- Goal 6: Eliminate pollution and greenhouse gas emissions by increasing use of transit, walking and bicycling.
- Goal 7: Build stronger relationships with stakeholders.
- Goal 8: Deliver quality projects on-time and on-budget.
- Goal 9: Fix things before they break, and modernize systems and infrastructure.
- Goal 10: Position the agency for financial success.

This item supports the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
3. Decisions regarding the use of limited public street and sidewalk space shall encourage the use of public rights of way by pedestrians, bicyclists, and public transit, and shall strive to reduce traffic and improve public health and safety.
5. Pedestrian areas shall be enhanced wherever possible to improve the safety and comfort of pedestrians and to encourage travel by foot.
6. Bicycling shall be promoted by encouraging safe streets for riding, convenient access to transit, bicycle lanes, and secure bicycle parking.
7. Parking policies for areas well served by public transit shall be designed to encourage travel by public transit and alternative transportation.
8. New transportation investment should be allocated to meet the demand for public transit generated by new public and private commercial and residential developments.
10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

DESCRIPTION

Joint Development Definition

Joint Development involves a developer using SFMTA property for non-SFMTA uses. Uses include housing and commercial development.^{1,2} The SFMTA, the community and the developer benefit. The developer typically owns and finances the improvements for non-SFMTA uses.

Introduction of Draft Goals and Policy – October 15, 2024, Board hearing

At the October 15, 2024, Board hearing, staff introduced draft Goals and Policy. Please refer to [October 15, 2024, Board Staff Report](#) for background on Joint Development and a more detailed description of the Goals and Policy.

Revisions to Draft

Staff revised the draft Goals and Policy based on feedback from the Board and other stakeholders. In general, stakeholder feedback was supportive of the draft Goals and Policy. Staff strengthened the Goals and Policy along with other minor clarifications, as described below.

Goals

The Goals define the desired results of the Joint Development Program. Staff made slight revisions to the Goals in response from Board feedback that the SFMTA should seek to maximize value from Joint Development. The final Goals are:

“Joint Development uses private investment to:

1. **Maximize Public Good.** Generate substantial long-term revenues to improve our transportation system.
2. **Create Inclusive and Well-Connected Communities.** Create development projects that foster inclusive communities and improve access to opportunity and resources.
3. **Build Sustainable and Resilient Projects.** Build development projects that improve working conditions for SFMTA staff, use green and resilient practices and reduce Vehicle Miles Traveled and greenhouse gas emissions.”

The Goals are in order of priority. Maximize Public Good is the top priority. Generating revenue from SFMTA property and using it for the transportation system will support the SFMTA and the other goals.

Policy

The Policy states the Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its goals. Staff revisions were mostly to Strategies, as described below.

¹ Capitalized words are generally “Defined Terms” in the Goals and Policy. See Enclosure 2.

² The developer could also construct a SFMTA use (e.g., facility, transit station, public parking, etc.).

Strategies – Portfolio

The Policy states that the SFMTA shall keep a list of its Property. This includes the Properties subject to the Joint Development Program Policy. These are in the Portfolio, in Appendix 1 of the Policy. The Portfolio consists of Properties that have the potential to advance the Goals through future Joint Development projects.

Staff revised the Portfolio map to improve its legibility. Staff did not make any revisions to the Portfolio itself between the draft and final.

Since publishing the draft Portfolio, staff learned that the Board of Supervisors would need to transfer ownership of the California/Steiner Lot (#14 in the Portfolio) from the San Francisco Parking Authority to the SFMTA to advance Joint Development at that lot. The Parking Authority is a State of California agency and not legally part of the City. The California Streets and Highways Code Sections 32500 et. seq. restricts developing Parking Authority properties for non-parking uses, with limited exceptions that would not apply under the Policy.

On November 2016, the SFMTA Board of Directors adopted [Resolution 16-55](#) recommending to the Board of Supervisors such a transfer of the California/Steiner parking lot and six parking garages. However, the SFMTA later amended its request to only two parking garages given the potential for Joint Development at those locations at that time (Performing Arts Garage, #15 in Portfolio and Moscone Center Garage, #21 in Portfolio). In 2017, the Board of Supervisors made the transfer of these two parking garages ([File #170271](#)), but the Parking Authority still owns the California/Steiner parking lot and four parking garages. The Board of Supervisors would need to transfer ownership of the California/Steiner Lot, and the other four parking garages not in the current Portfolio, from the San Francisco Parking Authority to the SFMTA to advance Joint Development there.

Strategy – Portfolio Requirements – California Surplus Land Act

Staff made slight revisions in the “Portfolio Requirements” in the Policy to comply with requirements of California’s Surplus Land Act (or “Act”). The Act governs the disposition of so called “Surplus Land,” defined as land owned by a local agency, including a city and county like San Francisco, that is determined to be no longer necessary for the agency’s use. The Act is codified in California Government Code sections 54220 et seq. The Act generally requires local agencies to offer Surplus Land for sale or lease at a fair market value or fair market rent to other local agencies and housing sponsors for affordable housing before selling or leasing the land, unless an exemption applies. The Act also requires Surplus Land to be offered for open space or school facility purposes in certain circumstances.

On January 3, 2025, the California Department of Housing and Community Development provided the SFMTA a Letter of Technical Assistance stating that the Policy is compliant with the Act. Specifically, the Policy complies with a newer exemption under the Act for “local agencies whose primary mission or purpose is to supply the public with a transportation system” (Section 54221(f)(1)(S)). This exemption allows such agencies, like the SFMTA, to use land for “commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development or for the sole purpose of investment or generation of revenue” if it meets several conditions.

Those conditions include that the Policy will designate at least 50 percent of the gross acreage of the Large Properties³ in the Portfolio for residential purposes, of which **at least 25 percent of those residential units will be for Affordable Housing**. More conditions in the Policy include minimum density and competitive solicitation processes.

Other Existing Strategies

Staff revised a few Strategies to reflect feedback, as follows:

- Agency Capacity: Stakeholders expressed the need for adequate staffing to scale up the program to deliver projects. Staff made slight revisions to an existing Strategy to state that the SFMTA should consider the capacity of its own staff, other City agencies, and consultants, to deliver and manage Joint Development Projects.
- Site Advancement and Value Creation and Competitive Solicitation: Themes from a stakeholder workshop were to be bold and encourage innovation to achieve the Goals. Staff revised the Site Advancement and Value Creation Strategy to make these themes explicit and identified ways to achieve that, such as through rezonings. Staff also revised the Competitive Solicitation Strategy to encourage innovation.

Two New Strategies

Board feedback encouraged staff to think about “Community Benefits” and “Temporary Uses” which led to two new Strategies with those names:

- Community Benefits: the new Strategy states that Joint Development that generates substantial long-term revenue to invest in our transportation system is a community benefit. It also states the SFMTA should balance project feasibility with requiring additional community benefits for projects on Large Properties or for projects that seek regulatory amendments. It then lists potential community benefits.
- Temporary Uses: the new Strategy states the SFMTA should encourage Temporary Uses at a Property if it does not negatively affect the revenue generation to the SFMTA and it serves a need in a neighborhood or Citywide plan (e.g., community-serving land use, open space). It also states the SFMTA shall include a start and end date for any Temporary Use agreement.

Guidelines

The Policy was updated to require the Director to develop and implement Guidelines, which will be created following the adoption of the Policy. These Guidelines will provide detailed advice on aspects of the Joint Development Program and its projects. Staff received a significant stakeholder feedback related to the details for the Guidelines, which the Director will consider as the Guidelines are developed after adoption of the Goals and Policy. Staff will use feedback received to date and other feedback for the Guidelines to further develop the outline in Appendix 2 of the Policy.

Miscellaneous Other Revisions

Staff made other revisions to the Policy to reflect edits made elsewhere (e.g., new definitions) and to clarify language (e.g., capitalization of defined terms).

³ “Large Properties” means Properties in the Portfolio that are one-half acre or larger, inclusive of contiguous land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.

STAKEHOLDER ENGAGEMENT

Staff's outreach and engagement on the Goals and Policy or Joint Development Program over the last few months included:

- Discussions with other transit and City agencies.
- An October workshop with City agencies and non-profits and private organizations involved in housing, land use, real estate and transportation, and subsequent follow-up.
- October 15, 2024, Board of Directors introductory hearing for the Goals and Policy.
- Presentation at January 31, 2025 Muni Funding Working Group.
- Discussions with the California Department of Housing and Urban Development.

Staff will conduct further outreach and engagement on subsequent Joint Development Program activities. This includes discussions with the San Francisco Board of Supervisors to seek their endorsement of the Goals and Policy and, if necessary, legislation that implements strategies in the Policy. It also includes developing the Joint Development Program Strategic Plan and Joint Development Program Guidelines. Also, the SFMTA and/or the developer of Joint Development projects will conduct outreach and engagement according to the Policy.

ALTERNATIVES CONSIDERED

Without Goals and a Policy, the SFMTA would lack a strategic approach to Joint Development opportunities, which could lead to ad-hoc decisions on a project-by-project basis. This could result in inconsistent outcomes, missed opportunities for generating substantial long-term revenues to improve our transportation system and the potential underuse of SFMTA properties. In addition, without a Policy, the SFMTA would not benefit from the flexible approach in complying with the Surplus Land Act.

Establishing a clear Policy provides a framework for decision-making, providing alignment with SFMTA's vision and goals.

FUNDING IMPACT

Joint Development is a way to help ourselves through diversifying our funding sources. The Policy provides the SFMTA flexibility in its use of revenue. For example, Joint Development revenue at Facility Properties could finance the rehabilitation or replacement of Facilities, and/or the SFMTA may choose to use the revenue for transit service.

The actual funding impact of specific Joint Development projects will be determined on a project-by-project basis as the SFMTA proposes and developers implement them.

Please refer to [October 15, 2024 Board Staff Report](#) for a more detailed discussion on long-term revenue estimates.

In the near-term, staff will use a variety of funding sources for Joint Development Program and project-specific work. The SFMTA is seeking as-needed consultant support on many programmatic items.⁴

⁴ On December 3, 2024, the SFMTA issued a Request for Proposals (RFP) for As-Needed Joint Development Program Services (CS-187 As-Needed Joint Development). Staff will seek Board authorization of the contract resulting from this RFP later.

This includes funding from a recently signed Cooperative Agreement with the U.S. Department of Transportation, Build America Bureau for an award of \$1 million from their [Innovative Finance and Asset Concession grant program](#). The grant will fund Joint Development Program work including:

- Assessment of existing conditions and development of conceptual proposals for several SFMTA properties. The scope will also include the development potential and projections of job creation and revenue to the SFMTA (Portfolio Evaluation).
- Preparation of the Joint Development Program Guidelines.
- Preparation of a Joint Development Program Strategic Plan. The plan will identify the priority Properties for Joint Development over a period (e.g., five years) and identify ways for the SFMTA to accelerate Joint Development.

The SFMTA will also use a portion of the funding from the City's recently awarded U.S. Department of Housing and Urban Development Pathways to Removing Obstacles to Housing ([PRO Housing](#)) grant program to advance Joint Development Program activities.

In addition, the SFMTA will use funding obtained for the Presidio Yard Modernization Project to advance Joint Development there. The SFMTA will also continue to work with the development team for Potrero Yard Modernization Project to advance its Joint Development.

ENVIRONMENTAL REVIEW

On January 24, 2025, the SFMTA, under authority delegated by the Planning Department, determined that adopting the SFMTA's Joint Development Program Goals and Joint Development Program Policy is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney's Office has reviewed this calendar item.

Future Joint Development projects will be subject to applicable project-specific approvals, including but not limited to environmental reviews and compliance with federal, state and local regulations as applicable.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors adopt the SFMTA's Joint Development Program Goals and Policy; authorize the Director of Transportation to amend the properties in the Portfolio of properties included in the Joint Development Program Policy, provided that such amendments meet the site selection considerations set forth in the Policy and are made with written notice to the SFMTA Board of Directors; and urge the San Francisco Board of Supervisors to endorse the SFMTA's Joint Development Program Goals and Policy.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, Section 8A.100(a) of the San Francisco Charter establishes that an effective, efficient, and safe transportation system is essential for the City and County of San Francisco (City) to achieve its goals for quality of life, environmental sustainability, public health, social justice, and economic growth, and entrusts the San Francisco Municipal Transportation Agency (SFMTA) with managing and enhancing the City's transportation system; and,

WHEREAS, Section 8A.102(b)(1) of the Charter grants the SFMTA exclusive authority over the acquisition, construction, management, and use of its property; Section 8A.109(b) directs the SFMTA to develop new funding sources for its operations; and Section 8A.105(a), permits the SFMTA to use revenue it generates to fund its operation, which includes capital improvements and other transportation-related functions; and,

WHEREAS, The SFMTA faces a projected operating deficit beginning in Fiscal Year 2026-27 due to slower revenue growth, post- COVID-19-pandemic economic impacts, and the expiration of temporary relief funding; the housing market in the City and the region has become increasingly exclusionary and unaffordable; and the City's downtown economy has been significantly disrupted by the pandemic; and,

WHEREAS, The SFMTA defines Joint Development as a developer using SFMTA property for non-SFMTA purposes, such as housing and commercial development; and,

WHEREAS, The SFMTA's properties present opportunities for Joint Development to generate new revenue with which to fund its operations, including transit services and capital improvements, and advance broader City goals, including housing, economic revitalization, and equitable growth; and,

WHEREAS, The SFMTA's Joint Development Program Goals define the desired results of the Joint Development Program which are to use private investment to maximize revenue for operations, create inclusive and well-connected communities, and build sustainable and resilient projects, while the accompanying Joint Development Program Policy provides a framework for clear decision-making, including "Principles" to drive the SFMTA's approach, "Strategies" to advance the program, and Joint Development Program "Guidelines" to provide detailed advise on aspects of the Joint Development Program and projects; and,

WHEREAS, The Joint Development Program Policy identifies a "Portfolio" of properties that have the potential to advance the Joint Development Program Goals through future Joint Development Projects and meet certain site selection considerations; and,

WHEREAS, The California Surplus Land Act, California Government Code sections 54220 et seq., generally requires local agencies in the state to offer land for sale or lease at a fair market value or fair market rent to other local agencies and housing sponsors for affordable

housing before selling or leasing the land; the Surplus Land Act also requires that land to be offered for open space or school facility purposes in certain circumstances; and,

WHEREAS, The Surplus Land Act permits “local agencies whose primary mission or purpose is supply the public with a transportation system” to lease and sell property for investment or to generate revenue without first offering to lease or sell it for affordable housing, open space, or school facility purposes if, among other criteria, it has an adopted land use policy that meets certain requirements; and,

WHEREAS, On January 3, 2025, the California Department of Housing and Community Development, the agency responsible for enforcing and developing guidelines for the Surplus Land Act, provided the SFMTA a Letter of Technical Assistance stating that the Joint Development Program Policy meets the Act’s land use policy requirements; and,

WHEREAS, On January 24, 2025, the SFMTA determined that adopting the Joint Development Program Goals and Policy is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations §§ 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; and,

WHEREAS, The SFMTA Board of Directors held a public introduction hearing on the Goals and Policy on October 15, 2024; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors adopts the SFMTA’s Joint Development Program Goals and Policy; and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to amend the properties in the Portfolio of properties included in the Joint Development Program Policy, provided that such amendments meet the site selection considerations set forth in the Policy and are made with written notice to the Board; and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors urges the San Francisco Board of Supervisors to endorse the SFMTA’s Joint Development Program Goals and Policy.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 4, 2025.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Joint Development Program Goals and Policy

Authorized by Resolution No. XXXXX-XXX
February 4, 2025



PURPOSE

The San Francisco Municipal Transportation Agency's Joint Development Program Goals (Goals) and Joint Development Program Policy (Policy) support the Agency's core responsibilities. They are to create and maintain San Francisco's transportation system. They would do this by generating revenue from SFMTA property and using it for the transportation system. Also, Joint Development could advance other City goals, including to provide new housing and foster inclusive, well-connected communities.

The Goals define the desired results of the Joint Development Program. The Policy states the Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its Goals. The Policy is fair and clear and available to many stakeholders: community groups; the development community; SFMTA Board of Directors ("Board"); Director of Transportation ("Director"); SFMTA staff; and other agencies and officials. This would allow decision-makers to evaluate each Joint Development project in the context of the Portfolio's progress towards the Goals, instead of each project needing to fully achieve every Goal by itself.

The following Goals and Policy shall govern the Board, Director and SFMTA staff regarding the SFMTA's Joint Development Program. This includes the delegation of authority of the Board to the Director and the Director's redelegation of authority to SFMTA staff on certain matters in the Policy. Where a provision appears to conflict with a requirement of City, state, or federal law, staff shall confer with the City Attorney.

VISION

The SFMTA's vision for San Francisco is a city with diverse and vibrant neighborhoods seamlessly connected by safe, reliable, and affordable transportation that improves the daily lives of everyone who lives, works in or visits the city.

Joint Development could support this vision. By generating revenue from SFMTA Property, Joint Development could provide a new long-term funding source to improve the transportation system. Maintaining an affordable and reliable public transit system is vital to a thriving and Equitable city. Additional funding is essential to ensure everyone can access jobs and get where they need to go, regardless of their income, background or neighborhood.

The Goals and Policy are shaped by this vision, other City policies including the Transit-First Policy and those in the San Francisco General Plan, and state and federal laws.

APPLICABILITY

The Goals and Policy apply to Joint Development, which involves a Developer using SFMTA Property for non-SFMTA Uses. Uses include housing and commercial development. The SFMTA, the community and the Developer benefit. The Developer typically owns and finances the non-SFMTA Uses. The Goals and Policy apply to the SFMTA Properties listed in the Portfolio, Appendix 1: SFMTA's Joint Development Program Policy: Portfolio. As described in the Policy, the Director may amend the Portfolio.

The Policy also applies to the SFMTA as it considers acquiring Property.

Joint Development Program Goals and Policy

Authorized by Resolution No. XXXXX-XXX
February 4, 2025



BACKGROUND

The City owns many Properties in San Francisco under SFMTA jurisdiction. These Properties are used for transit storage, maintenance and operations; transit turnarounds and stations; streets and transportation and service support; parking garages and lots; power substations; operator restrooms; and open space near SFMTA Uses.

The Goals and Policy support the SFMTA's core responsibilities. They are to create and maintain San Francisco's transportation system. The SFMTA would do this by generating revenue from SFMTA Property and using it for the transportation system. In addition, Joint Development could advance other City goals, including to provide new housing and foster inclusive, well-connected communities.

The Goals and Policy apply to potential Joint Development. They apply across a Portfolio of SFMTA Properties. The Goals define the desired results of the Joint Development Program. The Policy states the Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its Goals. The Policy is fair and clear and available to many stakeholders: community groups, the development community, Board, Director, and staff, and other agencies and officials. This would allow decision-makers to evaluate each Joint Development project in the context of the Portfolio's progress towards the Goals, instead of each project needing to fully achieve every Goal by itself.

The SFMTA's Joint Development Program complies with the San Francisco Charter, as follows:

- Section 8A.102(b)(1) grants the SFMTA "exclusive authority over the acquisition, construction, management, supervision, maintenance, extension, operation, use, and control of all property". Under this provision, the SFMTA may pursue Joint Development projects on its Property.
- Pursuing Joint Development to generate revenue for the Agency aligns with Section 8A.109(b), which requires that the SFMTA seek new sources of funding to support its operations.
- Additionally, Section 8A.105(a), permits the SFMTA to use revenue generated from Joint Development for capital improvements and other transportation-related functions, all of which are included in the Charter's definition of "operations".

Joint Development can bring new funding from Developer payments to the SFMTA and increased fare revenue from new transit riders. The SFMTA can reinvest the revenue in transportation. Joint Development may include non-transportation uses. Joint Development complies with the Charter as it could generate revenue for transportation purposes.

Joint Development is subject to state requirements. California Government Code sections 54220 et seq. ("Surplus Land Act") generally requires all local agencies to offer Surplus Land for sale or lease at a fair market value or fair market rent to housing sponsors for Affordable Housing before selling or leasing the land. The Surplus Land Act also requires Surplus Land to be offered for open space, school facility or school open space, or infill opportunity zone or transit village development purposes in certain circumstances. The Surplus Land Act includes an exemption for a local agency whose primary mission or purpose is to supply the public with a transportation system. The SFMTA is such an agency.

Joint Development may also be subject to federal requirements. The Federal Transit Administration, FTA, is involved in Joint Development when it has an interest in the affected Property. This is usually through providing federal funds to acquire or improve a property. The Policy addresses both the Surplus Land Act and federal requirements, as applicable.

Joint Development Program Goals and Policy

Authorized by Resolution No. XXXXX-XXX
February 4, 2025



JOINT DEVELOPMENT PROGRAM GOALS

Joint Development uses private investment to:

1. **Maximize Public Good.** Generate substantial long-term revenues to improve our transportation system.
2. **Create Inclusive and Well-Connected Communities.** Create development projects that foster inclusive communities and improve access to opportunity and resources.
3. **Build Sustainable and Resilient Projects.** Build development projects that improve working conditions for SFMTA staff, use green and resilient practices and reduce Vehicle Miles Traveled and greenhouse gas emissions.

JOINT DEVELOPMENT PROGRAM POLICY

SFMTA's Joint Development Program Policy provides a framework for clear decision-making. It aligns with the Goals. The Policy establishes the Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its Goals.

A. Principles

The SFMTA shall use the following values or Principles to drive the Agency's approach to the Joint Development Program and its projects.

1. **Agency's Responsibilities.** Prioritize the SFMTA's responsibilities as a transportation agency in staff and Board decisions regarding Joint Development.
2. **Equity.** The SFMTA shall promote Equitable access to opportunities and resources, including through public transit.
3. **Fairness and Transparency.** The SFMTA shall apply a fair, clear, consistent and streamlined process for projects, while allowing for flexibility to specific project needs and circumstances.
4. **Financial Sustainability.** The SFMTA shall use revenue from Joint Development projects to support its operations, including long-term capital and operational needs and other transportation-related functions and visions, and minimize financial risk to the Agency.
5. **Innovation.** The SFMTA shall use innovative delivery, technology, construction types and financing strategies to meet the Goals when appropriate.
6. **Policy and Regulatory Alignment.** Projects should align with City, regional, state and federal policy goals and regulatory requirements. The SFMTA should only pursue policy and regulatory amendments if they align with the Goals.
7. **Public Outreach and Engagement.** Projects must implement transparent, inclusive, accessible and Equitable public outreach and engagement processes.

Joint Development Program Goals and Policy

Authorized by Resolution No. XXXXX-XXX
February 4, 2025



B. Strategies

The SFMTA shall use Strategies, or specific approaches, actions, and in some cases, requirements. Depending on the Strategy, the SFMTA shall or should use the Strategy to advance the Joint Development Program and its projects. To implement these strategies, the SFMTA should create and update a Joint Development Program Strategic Plan. It should also update the Board on the program and strategic plan. The SFMTA should use the Strategies below to inform the plan, with the Portfolio Evaluation as a Strategy for each plan. The SFMTA should use applicable Strategies to a Joint Development project based on each project's specific objectives.

1. **Portfolio Development.** The SFMTA shall keep a list of its Property in accordance with applicable law. This includes the Properties subject to the Policy. These are in the "Portfolio", in Appendix 1, SFMTA's Joint Development Program Policy: Portfolio. The Portfolio means Properties that have the potential to advance the Goals through future Joint Development projects.¹ The Director may amend the Portfolio. This would be based on a Property's potential to advance the Goals, and to align with the Surplus Land Act and any federal requirements by using the following site selection considerations:
 - a. Ownership: The SFMTA should consider Properties it has jurisdiction over or the City is considering purchasing for SFMTA jurisdiction, including if it has control of the Properties' air rights.
 - b. Neighborhood and site context: The SFMTA should consider existing and historic land use and transportation conditions, land use and transportation planning efforts and applicable fair housing requirements.
 - c. Property condition and use: The SFMTA should assess the existing conditions of the Property, including the age of any existing improvements on the land, the number of SFMTA staff and usage.
 - d. Site constraints: The SFMTA should consider preliminary due diligence on items such as topography, soil conditions, flood risks (e.g., sea-level rise, stormwater), historic resource status and legal restrictions (e.g., federal interest, long-term lease commitment).
 - e. Site development potential: The SFMTA should consider the development potential of a Property such as its size, proximity to transit, existing zoning and potential zoning changes (e.g., as part of land use planning or economic development effort).
 - f. Diversified geographies: The SFMTA should consider diversifying its Portfolio in terms of neighborhoods to protect against market setbacks in any one neighborhood.

¹ Inclusion in the Portfolio does not make the Property Surplus Land as the Properties are currently necessary for SFMTA Uses.

Joint Development Program Goals and Policy

Authorized by Resolution No. XXXXX-XXX
February 4, 2025



- g. Construction sites: The Director shall add to the Portfolio construction staging sites and other Properties acquired for the benefit of transit capital projects that are no longer needed for the transit capital project upon completion of construction or for Facilities.

The Director may determine to only include a portion of a Property in the Portfolio based on the above site selection considerations or because of the Portfolio Evaluation. The Director will provide written notice to the Board of amendments to the Portfolio.

- 2. **Portfolio Evaluation:** The SFMTA should prepare and regularly update a Portfolio evaluation of development potential by land use type. It should:
 - a. Include projections of residential development, including Affordable Housing, and commercial, institutional and other non-residential development.
 - b. Include projections of job creation and revenue to the SFMTA. This includes revenue from additional transit ridership and Developer payments to the SFMTA using different land disposition methods and potential funding through an infrastructure financing district.
 - c. Provide a diversity of land use types across the Portfolio that meet Portfolio Requirements (see below), support complete neighborhoods and two-way trip patterns for Muni (e.g., non-residential uses in neighborhoods with predominant residential uses, grocery stores in food desert, etc.), and to protect against market setbacks in any one land use type.
 - d. Consider developer insights and other government agency feedback on the sites best suited for Affordable Housing or other uses, market trends, existing conditions at the properties and existing costs and revenues from the properties.
- 3. **Portfolio Requirements:** The SFMTA shall require the Portfolio to comply with the California Surplus Land Act as may be amended. Currently, for Large Properties in the Portfolio, that requires:
 - a. At least 50% of the gross acreage in the Portfolio shall be used for residential purposes.
 - b. At buildout, development of the Portfolio shall be at least 300 residential units, or at least 10 residential units per gross acre, averaged across all land within the Portfolio, whichever is greater.
 - c. At least 25 percent of all residential units built in the Portfolio shall be for Affordable Housing, with a covenant or restriction recorded against the land at the time of disposition that shall run with the land and is enforceable against any owner or lessee who violates the covenant or restriction and each successor in interest who continues the violation.

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- d. The SFMTA shall issue a competitive request for proposals for land Disposed of for residential purposes in an open, competitive solicitation process, or an open, competitive bid, provided that all entities specified in the Surplus Land Act are invited to participate.
- e. Prior to entering into an agreement to Dispose of a Portfolio property for non-residential development, since January 1, 2020, the SFMTA must have entered into an agreement(s) to Dispose of a minimum of 25% of the Portfolio Property designated for Affordable Housing.

In addition to the Surplus Land Act requirements, the SFMTA shall require applicable Joint Development projects to comply with the City's Inclusionary Housing Program.

- 4. **Agency Capacity:** The SFMTA should consider the capacity of Agency staff and external resources, such as other City agencies and consultants, to advance Joint Development projects after completing Portfolio Evaluation. This should account for capacity to deliver and manage continuing control of Joint Development projects.
- 5. **Agency Collaboration:** The SFMTA should collaborate with other agencies on Joint Development Strategies and projects. The SFMTA should establish clear roles and responsibilities that prioritize the advancement of projects. This includes early collaboration with the FTA if there is a federal interest in the project.
- 6. **Property Owner Partnerships:** The SFMTA should partner with other property owners on additional or expanded Joint Development opportunities that align with the Goals.
- 7. **Transit Corridor Planning:** During the initial transit corridor planning, the SFMTA should create good conditions for future transit corridor and Joint Development projects. This includes reviewing property acquisition needs that can serve both. Examples are land for construction staging, new stations and station Facilities (e.g., turnarounds, storage, maintenance and operations, operator restrooms, etc.).
- 8. **Site Advancement and Value Creation:** The SFMTA should advance sites for Joint Development by:
 - a. Conducting more due diligence and site and infrastructure planning and design.
 - b. Identifying and implementing ways that create value. These strategies include bold and innovative policy and regulatory changes that support the Goals. Examples are local and/or state legislation related to Surplus Land, funding through an infrastructure financing district, and rezonings that streamline the regulatory approval process, incentivize density, provide flexibility and reduce the costs of Joint Development.

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The SFMTA should track the costs of and value created from leading such strategies. The SFMTA should consider such costs and value as part of Joint Development agreements (e.g., reimbursements from lease proceeds).

9. **SFMTA Use Needs and Retention:** The SFMTA shall consider the Agency's long-term needs for SFMTA Uses before entering into a Joint Development agreement (e.g., Facility expansion, construction staging, future transit corridor, etc.). The SFMTA should reduce conflicts and risks from private development to Facilities during construction and operations. Joint Development projects that temporarily displace a Facility needed for the Agency shall replace Facilities on-site or off-site at a standard defined by the SFMTA and the SFMTA should include such standards in the Joint Development competitive solicitation process. Joint Development projects that affect SFMTA parking garages and lots shall include a transportation demand management plan. This plan must address the effects and comply with San Francisco Charter on new parking or expansion.
10. **Competitive Solicitation:** The SFMTA should use a competitive procurement process for a Property or Properties that best advances the Goals. This would usually be a Request for Qualifications and/or Requests for Proposals process. The process should encourage potential Developers to provide innovative proposals to achieve project objectives and the Goals and should discourage rigid formulas to the extent allowed by law.
11. **Unsolicited Proposals:** To the extent allowed by law, the SFMTA should consider Joint Development projects proposed by potential Developers ("Unsolicited Proposals") if the proposals align with the Goals and Principles. Unsolicited Proposals can be a valuable path for the SFMTA to understand market interest in the development of a Joint Development project in the Portfolio and/or public works project prior to a competitive solicitation process.
12. **Value and Revenue:** The SFMTA shall determine the fair market value and revenue generating potential of a potential Joint Development project in accordance with applicable law. Prior to entering a Joint Development project agreement, the SFMTA shall consider this value and revenue generating potential in relation to current revenues generated by the Property, alternatives to Joint Development and the Goals.
13. **Continuing Control:** The SFMTA should use the land disposition method for Joint Development agreements that best advances the Goals. This would typically be a long-term lease, rather than the sale of property.
14. **Regulatory Streamlining:** The SFMTA should encourage the use of laws for Joint Development projects that streamline regulatory processes if they align with the Goals and project objectives.
15. **Outreach and Engagement:** The SFMTA should require the use of public outreach and engagement plans for Joint Development projects.

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16. **Design:** The SFMTA should require Developers to work collaboratively with the San Francisco Planning Department, other City Departments and stakeholders on designs that meet regulatory requirements, and only seek regulatory amendments if they align with the Goals.
17. **Community Benefits:** Joint Development that generates substantial long-term revenue to invest in our transportation system is a community benefit. The SFMTA should balance project feasibility with requiring additional community benefits for projects on Large Properties or for projects that seek regulatory amendments. Community benefits include, but are not limited to:
 - a. housing in Well-Resourced Neighborhoods,
 - b. on-site inclusionary housing provided under the Inclusionary Housing Program,
 - c. improving access to opportunities and resources by providing a resource identified as a need in a SFMTA, neighborhood or Citywide plan (e.g., community-serving land use, open space, restrooms) or by improving walking, bicycling and public transit conditions.

The SFMTA should identify these community benefits in the Joint Development competitive solicitation process.
18. **Labor:** The SFMTA shall comply with applicable laws.
19. **Temporary Uses:** The SFMTA should encourage Temporary Uses at a Property if it does not negatively affect the revenue generation to the SFMTA and it serves a need in a neighborhood or Citywide plan (e.g., community-serving land use, open space). The SFMTA shall include a start and end date for any Temporary Use agreement.
20. **Tenants:** To the extent allowed by federal law and to the extent applicable, Joint Development projects that terminate an existing lease should use good faith efforts to work with the existing lessee to provide a right of first refusal to sign a new lease within the project at the then current market value. This Strategy does not apply to Temporary Uses.

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C. Guidelines

The Director shall create and maintain Joint Development Program Guidelines. The Guidelines shall provide detailed advice on aspects of the Joint Development Program and projects. They shall also allow for flexibility to specific project needs and circumstances. The Guidelines shall include the stages of the Joint Development Program. Examples include competitive solicitation, unsolicited proposals, agreements and implementation.

The Guidelines shall also include roles and responsibilities during those stages. This includes clear expectations for Developers regarding outreach and engagement, design, regulatory processes, labor and implementation. The Guidelines should include advice that leverages the experience and resources of the Developer to advance stages of the project. It should also include FTA's involvement in Joint Development.

The Guidelines shall also include metrics and targets. The purpose of them is to monitor outcomes of the Joint Development Program.

The Director may amend the Guidelines in accordance with the Goals and the Policy.

D. Defined Terms

The following defined terms apply to the Goals and Policy.

"Affordable Housing" means housing that complies with the affordability requirements of the Surplus Land Act, which currently means housing that is made available to lower income households, as defined in Section 50079 of the California Health and Safety Code (which means 80 percent of Area Median Income), at an affordable sales price or rented at an affordable rent, as defined in Sections 50052.5 and 50053 of the California Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

"Board" means the SFMTA Board of Directors.

"City" means the City and County of San Francisco.

"Developer" means the entity that leases or purchases the SFMTA property for Joint Development.

"Director" means the Director of Transportation for the SFMTA.

"Dispose" means as defined in Section 54221 of the Surplus Land Act, which currently means the (i) lease of surplus land for a term longer than 15 years, that allows for demolition or development or (ii) sale of surplus land.

"Equity" (or "Equitable") means the correction of racial and social inequities and prioritization of those most in need (SFMTA Strategic Plan, 2022-2024). Racial equity means the systematic fair treatment of people of all races that results in equal outcomes, while recognizing the historical context and systemic harm done to specific racial groups (SF Admin Code section 12A.19).

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“Facilities” means SFMTA facilities for transit storage and maintenance and operations; transit turnarounds and stations; streets and transportation service support; power substations; operator restrooms; and other related SFMTA facilities. Excludes SFMTA parking garages and lots and open space.

“FTA” means Federal Transit Administration.

“Goals” define the desired results of the Joint Development Program Policy. These Goals guide the planning, execution and evaluation of Joint Development projects. They ensure that they help achieve the SFMTA’s vision and responsibilities.

“Guidelines” means detailed advice on aspects of Joint Development Program and projects. They also allow for flexibility to specific project needs and circumstances.

“Inclusionary Housing (Program)” means the City’s program that currently requires new residential projects of 10 or more units to pay an affordable housing fee or meet the inclusionary requirement by providing a percentage of the units as below market rate units at a price that is affordable to low- or middle-income households, either on-site within the project, or off-site at another location in the City.

“Joint Development or Joint Development project(s)” involves a Developer using SFMTA Property for non-SFMTA Uses. Uses include housing and commercial development. The SFMTA, the community and the Developer benefit. The Developer typically owns and finances the non-SFMTA Uses during the term of use of SFMTA Property.²

“Large Properties” means Properties in the Portfolio that are one-half acre or larger, inclusive of contiguous land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.

“Policy” means Principles, Strategies and Guidelines that the SFMTA shall follow to achieve its Goals. The Policy provides a framework for clear decision-making and alignment with the Goals.

“Portfolio” means Properties that have the potential to advance Goals through future Joint Development projects, are listed in Appendix 1, and are subject to the Joint Development Program Policy. These Properties may be currently necessary for SFMTA Uses. Inclusion in the Portfolio does not make it Surplus Land although the SFMTA shall require the Portfolio to comply with the Surplus Land Act as may be amended.

“Principles” means the values that drive the Agency’s approach to Joint Development projects.

“Property” means City owned land under the SFMTA’s jurisdiction and improvements upon

² The SFMTA makes agreements with other entities on other SFMTA assets, such as signage on bus shelters or buses. These Goals and Policy do not cover these agreements.

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the land. In limited circumstances, this could also refer to other land that could be acquired for a SFMTA transit capital project, if specified.

“SFMTA” or “Agency” means the San Francisco Municipal Transportation Agency.

“SFMTA Uses” includes SFMTA Facilities, SFMTA parking garages and lots and other SFMTA uses.

“Surplus Land” means as defined in Section 54221 of the Surplus Land Act, which currently means land owned in fee simple by a local agency for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and not necessary for the agency’s use.

“Surplus Land Act” refers to California Government Code sections 54220 et seq., which generally requires all local agencies to offer Surplus Land for sale or lease at a fair market value or fair market rent to housing sponsors for Affordable Housing before selling or leasing the land. In certain circumstances, Surplus Land must be offered for open space or school facilities or school open space, or infill opportunity zone or transit village development purposes.

“Strategies” means specific approaches, actions, and, in some cases, requirements. Depending on the Strategy, the SFMTA shall or should use the Strategy to advance the Joint Development Program and its projects.

“Temporary Uses” means a specific non-SFMTA Use for a limited period of time on a Property. Temporary Uses are typically not associated with significant construction activities. A Temporary Use authorization may authorize short-term uses like mobile food facilities, seating, farmer’s markets and temporary parking of and overnight camping in vehicles.

“Unsolicited Proposals” means a written application for a new or innovative project submitted to the SFMTA on the initiative of the offeror for the purpose of obtaining a contract with the Agency, and that is not in response to a Request for Proposals, Agency Announcement, or any other SFMTA-initiated solicitation or program.

“Vehicle Miles Traveled” (VMT) means a measure of the amount and distance that a Joint Development project causes people to drive.

“Well-Resourced Neighborhoods” means areas of the state of California whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children (California Tax Credit Allocation Committee/Housing and Community Development Opportunity Area Maps). The San Francisco Planning Department identifies areas those identified as “high” and “highest” as Well-Resourced (San Francisco Housing Element, 2022 Update).

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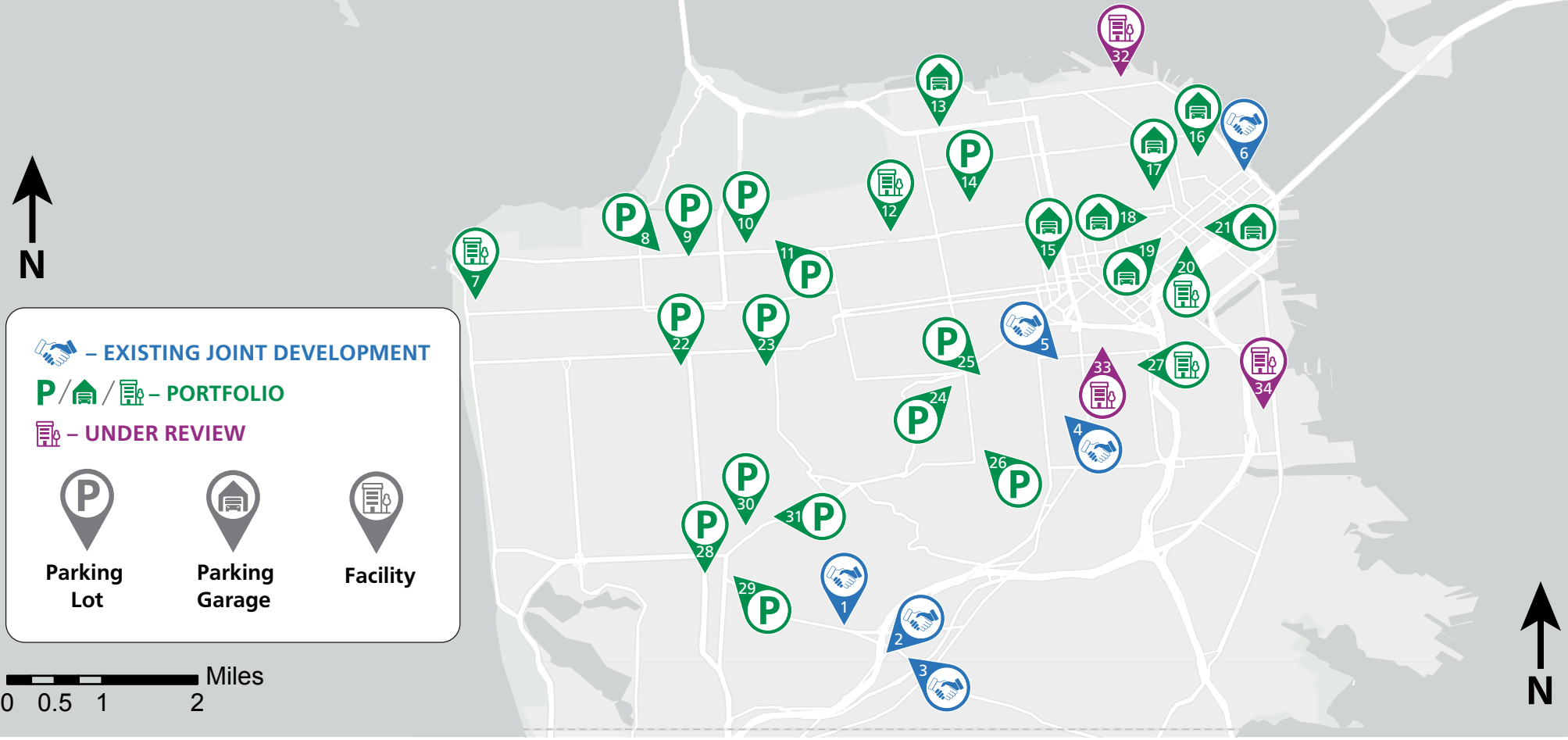
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APPENDIX 1: SFMTA'S JOINT DEVELOPMENT PROGRAM POLICY: PORTFOLIO

SFMTA's Joint Development Program Policy – Portfolio

This map displays SFMTA properties that have the potential to advance SFMTA Joint Development Program Goals through future joint development projects.^{1,2}



EXISTING JOINT DEVELOPMENT

P / [Garage Icon] / [Facility Icon] – PORTFOLIO

[Facility Icon] – UNDER REVIEW

Parking Lot **Parking Garage** **Facility**

0 0.5 1 2 Miles

- 1 Ocean-Frida Kahlo, Residential Mixed-use
- 2 Balboa Park Upper Yard, Residential Mixed-use
- 3 Geneva Car Barn & Cameron Beach Yard, Community Center
- 4 Mission-Bartlett, Residential + Garage
- 5 Hoff & 16th Street, Residential + Garage
- 6 1 Hotel, Hotel Mixed-use
- 7 La Playa & Cabrillo Terminal Loop, 0.44 Acre
- 8 Geary/21st Ave. Lot, 0.17 Acre, 21 Parking Spaces
- 9 18th Ave./Geary Lot, 0.23 Acre, 21 Parking Spaces
- 10 9th Ave./Clement Lot, 0.18 Acre, 21 Parking Spaces
- 11 8th Ave./Clement Lot, 0.25 Acre, 26 Parking Spaces

- 12 Presidio Yard, 5.4 Acres, 478 Staff, 132 Transit Vehicles³
- 13 Pierce Street Garage, 0.32 Acre, 116 Parking Spaces
- 14 California/Steiner Lot, 0.43 Acre, 48 Parking Spaces
- 15 Performing Arts Garage, 1.01 Acres, 598 Parking Spaces³
- 16 Golden Gateway Garage, 0.37 Acre, 1095 Parking Spaces
- 17 Sutter-Stockton Garage, 0.43 Acre, 1865 Parking Spaces
- 18 Ellis-O'Farrell Garage, 0.77 Acre, 950 Parking Spaces³
- 19 Fifth & Mission/Yerba Buena Garage, 2.77 Acres, 2585 Parking Spaces³
- 20 Yerba Buena/Moscone Station (above) & Headhouse, 0.34 Acre
- 21 Moscone Center Garage, 0.93 Acre, 732 Parking Spaces³
- 22 20th Ave./Irving Lot, 0.20 Acre, 24 Parking Spaces
- 23 8th Ave & Irving Street Lot, 0.28 Acre, 41 Parking Spaces

- 24 18th St./Collingwood Lot, 0.19 Acre, 28 Parking Spaces
- 25 Castro/18th St. Lot, 0.19 Acre, 20 Parking Spaces
- 26 24th St./Noe Lot, 0.13 Acre, 16 Parking Spaces
- 27 Potrero Yard, 4.4 Acres, 465 Staff, 158 Transit Vehicles³
- 28 19th Ave./Ocean Lot, 0.18 Acre, 20 Parking Spaces
- 29 Ocean/Junipero Serra Lot, 0.19 Acre, 20 Parking Spaces
- 30 West Portal/14th Ave. Lot, 0.14 Acre, 19 Parking Spaces
- 31 Ulloa/Claremont Lot, 0.30 Acre, 23 Parking Spaces
- 32 Kirkland Yard, 2.6 Acres, 338 Staff, 188 Transit Vehicles
- 33 Flynn Yard, 6.2 Acres, 424 Staff, 119 Transit Vehicles
- 34 Woods Yard, 8.2 Acres, 856 Staff, 204 Transit Vehicles

1. These properties are currently necessary for SFMTA uses. Inclusion in the Portfolio does not make it Surplus Land as defined by the Surplus Land Act.

2. "Existing Joint Development" includes projects at predecessor agencies to the SFMTA. The list is not comprehensive as it excludes commercial leases at SFMTA properties, among others.

3. These properties are subject to Portfolio Requirements for parcels at one-half acre or larger. The Director of Transportation may amend to include only a portion of these properties in the Portfolio based on SFMTA needs.

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APPENDIX 2: JOINT DEVELOPMENT PROGRAM GUIDELINES – UNDER DEVELOPMENT

Draft Joint Development Guidelines Content (Appendix 2)

